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**CENTRAL FAX CENTER**Serial No. 09/834,478  
Docket No. 40655.1300**AUG 1 0 2007****REMARKS**

Applicants reply to the Office Action mailed on May 10, 2007 within the shortened statutory three month period for reply. Claims 1 and 3-41 were pending in the application and the Examiner rejects claims 1 and 3-41. Support for the amendments may be found in the originally-filed specification, claims, and figures. No new matter has been introduced by these amendments. Reconsideration of this application is respectfully requested.

Applicants thank the Examiner for the Interview with Applicants' counsel on August 9, 2007. As per the conversation, Applicants have further amended the claims to more clearly explain how the presently claimed loyalty point conversion process provides a greater degree of flexibility to the participant by allowing the participant to choose whether or not to convert loyalty points to a currency value to be applied to a previously executed purchase, thereby further differentiating the claims over the cited references.

As stated by Applicants' counsel, Applicants invention goes beyond a loyalty point account that enables the account holder to simply convert loyalty points to a currency value, or simply changing the order of the conversion process. As presently claimed, the invention enables a card holder to make complete purchases using a line of credit for the entire purchase and later determine whether to convert loyalty points to a currency value to be used to offset the purchase. Moreover, the presently claimed invention provides for an adjustable conversion rate, wherein the point to currency ration may fluctuate based on a number of novel factors. Also, the invention enables the cardholder to cancel the purchase transaction if the card holder is not pleased with the conversion ratio. Applicants provide further differentiation over the cited references below.

**Rejections under 35 U.S.C. § 102(b)**

The Examiner rejects claim 33 under 35 U.S.C. § 102(b) as being anticipated by Burton et al., U.S. Patent No. 5,025,372, ("Burton"). Applicants respectfully traverse the rejection.

Burton generally discloses a system for awarding a credit card holder with monetary rewards based on performance. The Burton system enables the card holder to elect to have all or a portion of the monetary awards allocated to a credit card account, which may later be used to facilitate purchases. The card sponsor determines a level of achievement (e.g., employee sales goals) that the card holder must obtain in order to have a specified monetary reward credited to their credit card account. Burton further discloses that at regular intervals (e.g., annually,

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semiannually, quarterly), the system analyzes the card holder performance over the previous period, determines a number of points to be awarded based on the performance level, determines if any bonus points have been earned, and applies the sum value to the card holder's account. At that point, the card holder may use the awarded point value to facilitate a purchase.

As discussed during the August 9, 2007 Examiner Interview, when the card holder of the Burton system uses the card for a purchase transaction, the full amount of the purchase is not being authorized based on a line of credit. For example, if the card holder of Burton purchases a tennis racket for \$100, yet, has only \$80 of currency rewards, the Burton system only performs a credit authorization for \$20. In other words, while the Burton system may check to verify that amount of monetary value on the card from rewards, this is not a credit authorization. Thus, contrary to the presently claimed invention, Burton does not perform a credit authorization based on the full amount of the purchase. As such, Burton does not disclose or suggest at least, "selecting to redeem loyalty points associated with a loyalty account to facilitate a payment of at least a portion of a full purchase amount of said transaction, wherein said selection causes a merchant to transmit a payment authorization request for a full amount of said transaction and a merchant identifier to an authorization system," as recited by independent claim 33.

Moreover, the Burton system may be most closely compared to a stored value, or prepaid cash card, in that points are added to the card as a cash value by the employer. According to Burton, points are accumulated by an employee and at regular intervals, the employer converts the accumulated points and adds the currency equivalent to the employee's card. This is contrary to the presently claimed invention, wherein points are accumulated within the card holder's account. **The conversion to a currency value occurs only when the cardholder, not the employer, decides to convert a loyalty account balance, or a portion thereof, to a currency value to offset a previous charge.** As such, Burton does not disclose or suggest at least, "receiving a request from said participant to convert said loyalty points already existing in said loyalty program database to said currency value using said conversion ratio," as recited by independent claim 33.

Burton does not disclose a conversion ratio. Burton discloses no specific variance considerations that are used to determine a conversion rate. For example, the Burton employer cannot define rules that state conditions effecting a conversion rate. More significantly, conditionally adjusting the conversion rate during a purchase transaction would not be possible

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under Burton, because the conversion has already occurred on the currency value loaded to the card of the employee. As such, Burton does not disclose or suggest at least, "selecting to redeem loyalty points associated with a loyalty account to facilitate a payment of at least a portion of a full purchase amount of said transaction, wherein said selection causes a merchant to transmit a payment authorization request for a full amount of said transaction and a merchant identifier to an authorization system", "receiving a request from said participant to convert said loyalty points already existing in said loyalty program database to said currency value using said conversion ratio", "performing an analysis of said merchant identifier to determine a conversion ratio based on said merchant identifier and based on at least one of: a date of said transaction, inventory data, status of said participant, and method of facilitating said transaction", and "receiving an indicator of at least one of: an approval and disapproval of said conversion ratio from said participant, wherein said transaction is canceled when said indicator is a disapproval of said conversion ratio," as recited by independent claim 33.

**Rejections under 35 U.S.C. § 103(a)**

The Examiner rejects claim 1, 3-12, 19, 24-28, 34, 35, and 37 under 35 U.S.C. § 102(b) as being anticipated by Burton et al., U.S. Patent No. 5,025,372, ("Burton"). Applicants respectfully traverse the rejection.

As stated above in reference to the Examiners rejection of claim 33, when the card holder of the Burton system uses the card for a purchase transaction, the full amount of the purchase is not being authorized based on a line of credit. Also, according to Burton, points are accumulated by an employee and at regular intervals, the employer converts the accumulated points and adds the currency equivalent to the employee's card, which is contrary to the presently claimed invention, where points are accumulated within the card holder's account. Further, conditionally adjusting the conversion rate during a purchase transaction would not be possible under Burton, because the conversion has already occurred on the currency value loaded to the card of the employee. As such, Burton does not disclose or suggest at least, "performing an analysis of said merchant identifier to determine a conversion ratio based on said merchant identifier and based on at least one of: a date of said transaction, inventory data, status of said participant, and method of facilitating said transaction" and "receiving an indicator of at least one of: an approval and disapproval of said conversion ratio from said participant, wherein said transaction is canceled

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when said indicator is a disapproval of said conversion ratio," as similarly recited in independent claims 1, 5 and 19.

Claims 3, 4, 6-12, and 25-28 variously depend from independent claims 1, 5, 19, and 24. Applicants assert that dependent claims 3, 4, 6-12, and 25-28 are differentiated from the cited reference for at least the same reasons as set forth above, as well as their own respective features.

Claims 34 and 35 depend from independent claim 33. Applicants assert that dependent claims 34 and 35 are differentiated from the cited reference for at least the same reasons as set forth above in reference to the 35 U.S.C. § 102(b) rejection, as well as their own respective features.

The Examiner next rejects claim 13-18, 20-23, 29-32, 36, and 38-41 under 35 U.S.C. § 103(a) as being unpatentable over Burton in view of Storey, U.S. Patent No. 5,774,870. Applicants respectfully traverse the rejection.

Storey generally discloses an online frequency reward program, where a user may shop catalogs online for products to purchase through the redemption of loyalty points. Storey further facilitates management of the loyalty account, electronically placing an award redeeming order with a fulfillment house, and updating the user's award account. As in Burton, user's of the Storey system may use earned loyalty points to facilitate a purchase transaction only when the purchase occurs after the date that such points are issued. As such, neither Burton, Storey, nor any combination thereof disclose or suggest at least, "performing an analysis of said merchant identifier to determine a conversion ratio based on said merchant identifier and based on at least one of: a date of said transaction, inventory data, status of said participant, and method of facilitating said transaction" and "receiving an indicator of at least one of: an approval and disapproval of said conversion ratio from said participant, wherein said transaction is canceled when said indicator is a disapproval of said conversion ratio," as similarly recited by independent claims 23 and 38.

Claims 13-18, 20-22, 29-32, 36, and 39-41 variously depend from independent claims 5, 19, 24, 33, and 38. Applicants assert that dependent claims 13-18, 20-22, 29-32, 36, and 39-41 are differentiated from the cited reference for at least the same reasons as set forth above, as well as their own respective features.

Applicants respectfully submit that the pending claims are in condition for allowance. The Commissioner is hereby authorized to charge any fees which may be required, or credit any

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overpayment, to Deposit Account No. 19-2814. If an extension of time is necessary, please accept this as a petition therefore. Applicants invite the Office to telephone the undersigned if the Examiner has any questions regarding this Reply or the present application in general.

Respectfully submitted,

Dated: 8/14/07

By: 

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